

DEPARTMENT OF REVENUE

An Agency Profile Prepared by the
Legislative Fiscal Division

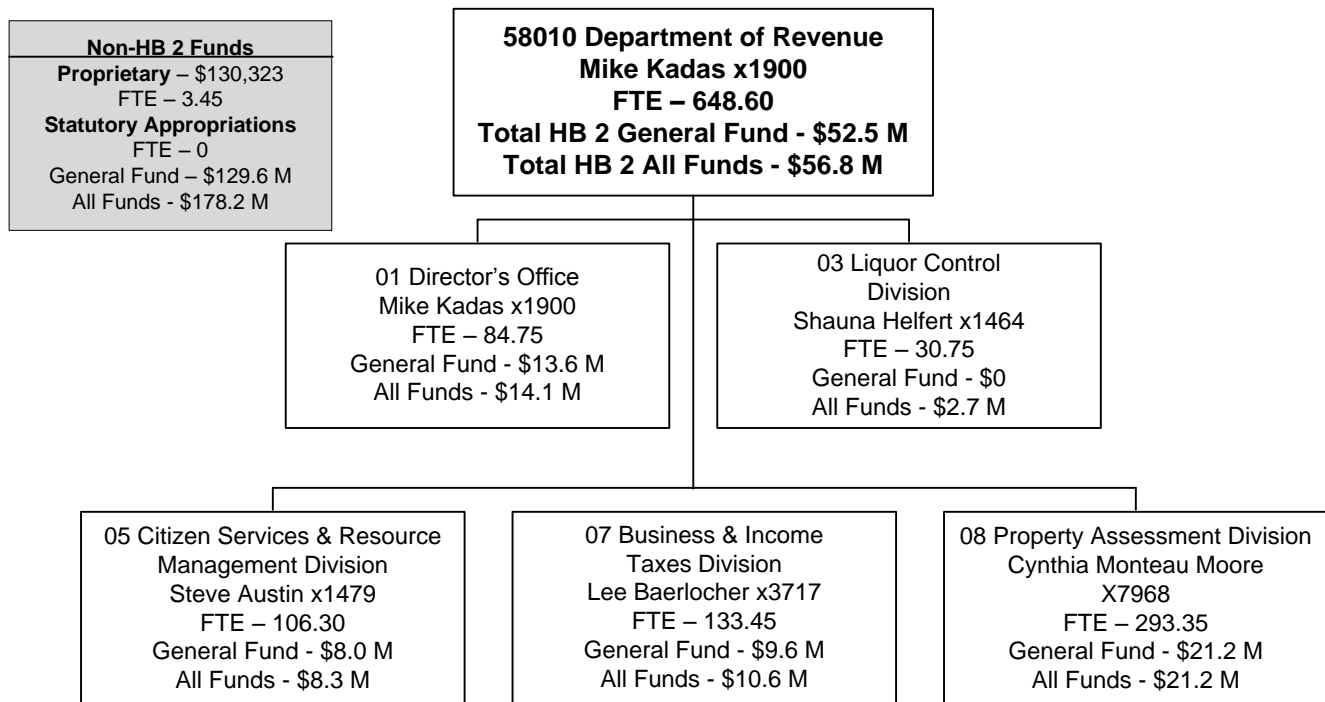
November, 2016



INTRODUCTION

The Department of Revenue administers state taxes except for gasoline and motor fuel taxes administered by the Department of Transportation, insurance taxes administered by the State Auditor, and video gaming tax administered by the Department of Justice. The department administers and enforces Montana's tax laws, appraises all property subject to state and local property taxes, administers the Montana Alcoholic Beverage Code, enforces the Montana Cigarette Sales Act, and administers abandoned property. The primary statutory references defining duties and responsibilities of the department are found in [2-15-1301, MCA](#), [15-1-201, MCA](#), and Title 15, MCA.

Below is an organizational chart of the office, including full-time employee (FTE) numbers and the HB 2 general fund expenditures and the total expenditures from all funds. Unless otherwise noted, all phone extensions are preceded by (406) 444.



HOW SERVICES ARE PROVIDED

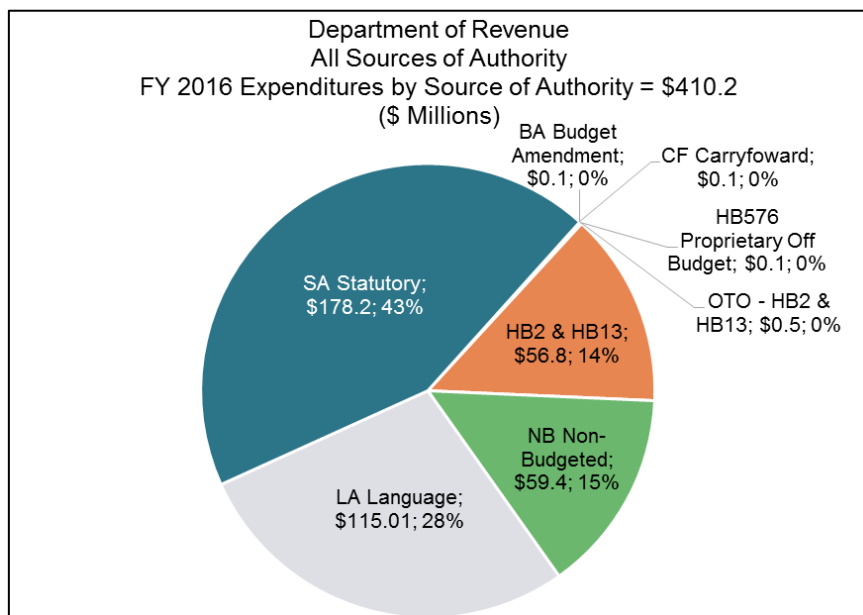
The Department of Revenue collects and distributes revenue from and enforces regulations for 40 state taxes and fees through five divisions. The department also regulates the sale and distribution of alcoholic beverages in the state. In doing so, the department buys, imports, stores, sells, and delivers liquors to agency liquor stores. The department also:

- Administers and enforces Montana's tax laws
- Appraises all property subject to state and local property taxation
- Administers the Montana Alcoholic Beverage Code
- Enforces the Montana Cigarette Sales Act
- Administers abandoned property

SOURCES OF SPENDING AUTHORITY

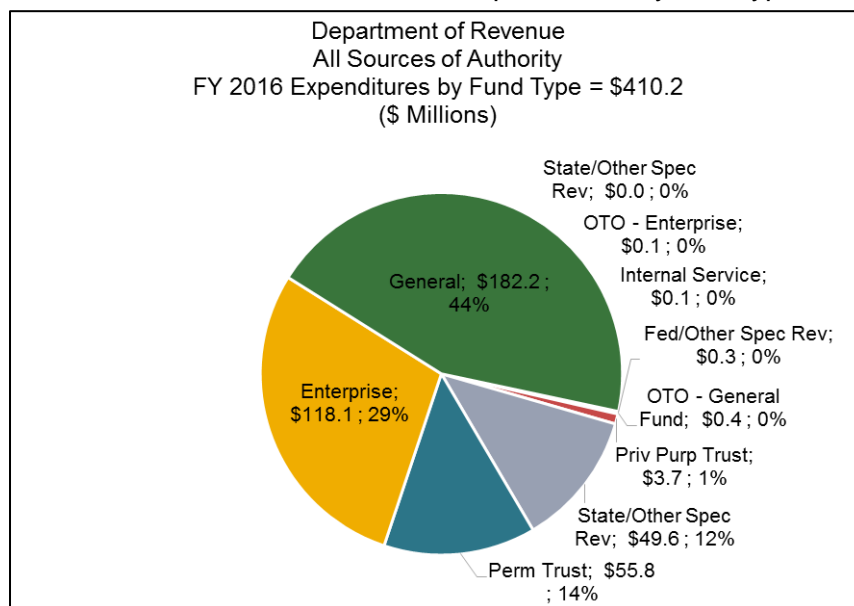
The chart on the following page shows the sources of authority for the Department of Revenue that were expended in FY 2016. The department receives funding through statutory appropriations, proprietary funds, HB 2, and non-budgeted transfers.

- HB 2 & Pay Plan – all HB 2 & Pay Plan authority including the budgeted proprietary expenditures of the Liquor Control Division
- Statutory - primarily distributions of tax revenues to tribal and local governments
- Proprietary - the internal service Collection Services operations
- Language – primarily language appropriations for the Liquor Control Division (authorized up to \$138 million in FY 2016)
- Non-budgeted transfers (\$59.4 million)



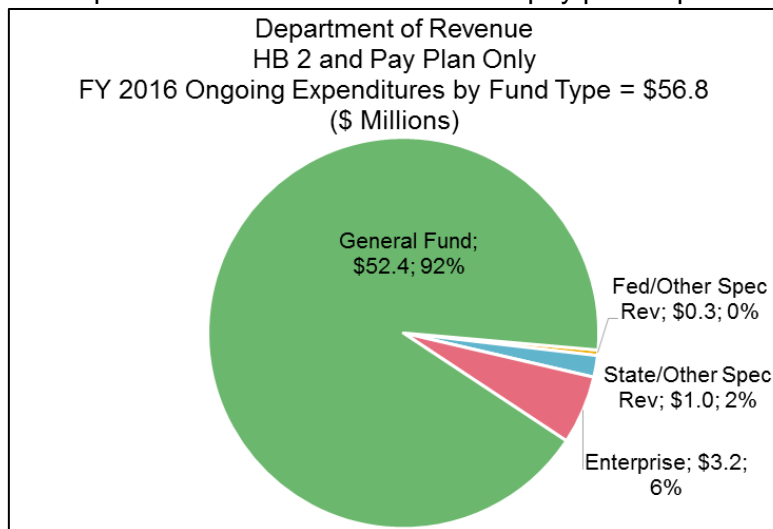
FUNDING

The Department of Revenue is funded with general fund, special revenues, proprietary and statutory appropriations. The chart below shows FY 2016 actual expenditures by fund types.



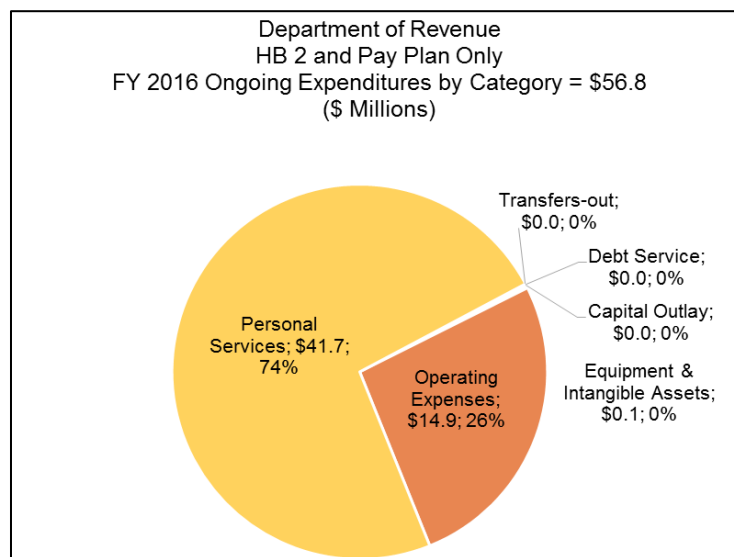
HB 2 FUNDING

The chart below shows the Department of Revenue's HB 2 and pay plan expenditures by fund type.



HB 2 EXPENDITURES

The chart below explains how HB 2 and pay plan authority is spent.



MAJOR COST DRIVERS

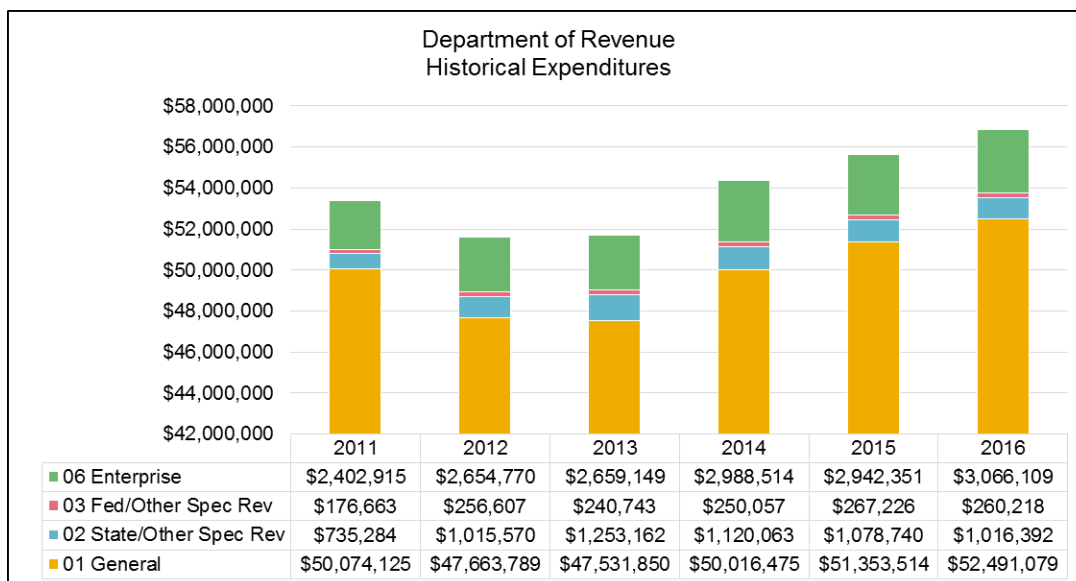
The following figure reflects some of the cost drivers of the department. In addition to the times shown, changes in population, economic conditions, and the number of businesses operating in the state will drive workload changes for the department.

Major Cost Drivers				
Cost Driver	CY 2006	CY 2013	Significance of Data	
Number of income tax returns processed	572,256	626,655	Estimate of workload for income tax processing	
Number of income tax returns with refunds	311,789	348,137	Estimate of workload to process income tax data	
Number of corporation tax returns processed* (TY 2012 instead of CY 2013)	36,233	46,632	Estimate of workload to process corporation tax data	
	FY 2004	FY 2014		
Total retail liquor licenses	3,295	3,334	Estimate of workload to process liquor licenses	
Number of wholesaler liquor licenses issued	35	45	Estimate of workload to process liquor licenses	
Number of manufacturers liquor licenses (breweries, wineries & distillers) issue	563	1,201	Estimate of workload to process liquor licenses	

Source: Biennial Report of the Montana Department of Revenue & LFD historical agency profiles

FUNDING/EXPENDITURE HISTORY

The following table shows historical changes in the agency's HB 2 funding and expenditures. Major reasons for change are:



MAJOR LEGISLATIVE CHANGES IN THE LAST TEN YEARS

Major changes in the last ten years include:

2015 Legislature

- The legislature approved the reorganization of the Information Management and Technology into the Director's Office and Citizen Services and Resource Management Division
- The legislature approved the addition of 3.00 FTE to replace contracted IT workers in the Director's Office

2013 Legislature

- The legislature added a total of 16.00 FTE to the department: 5.00 FTE were in the Property Assessment Division as a one-time-only
- There was a \$1.0 million increase in GenTax maintenance and development costs
- The Legislature adopted an additional 2% vacancy savings for the department

2009 Legislature

- The legislature added a total of 21.30 FTE to the department: 9.30 FTE for the property tax reappraisal as a one-time-only appropriation (HB 658), 12.00 FTE to continue tax compliance activities
- HB 10 provided \$3.4 million of general fund for an electronic imaging system

2007 Legislature

- The legislature added a total of 36.75 FTE in present law and new proposals, 16.00 FTE for tax compliance activities and 8.00 FTE for new legislation
- Developed free electronic tax filing with \$4.7 million in general fund
- HB 9 (SS) provided a \$400 rebate for property taxes and supported the related DOR activities with \$1.0 million of general fund

2005 Legislature

- The legislature added a net 6.00 FTE to the department
- Funded a new property tax information system with \$5.5 million in general fund
- Increased tax types administered through the Integrated Revenue Information System (IRIS) with \$4.0 million in general fund and added vendor service costs to the base budget

For additional agency information, please view the website at: <http://revenue.mt.gov/>